

USAC

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November 4, 1999

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

RE: CC Docket No. 96-45, Statement of the Universal Service Administrative Company Regarding
Reimbursement of Participants in the Schools and Libraries Universal Service Support
Mechanism For Non-Recurring Charges Incurred After September 30, 1999

Dear Ms. Roman Salas:

In a letter dated September 29, 1999, I provided information to the Commission on behalf of the Universal Service Administrative Company ("USAC")¹ concerning applicants seeking support from the Schools and Libraries Universal Service Support Mechanism ("the Program") which have received or will be receiving Funding Commitment Decisions Letters for Program Funding Year 1 either late in Year 1 or after Year 1 had ended. (Pursuant to Commission order, "Year 1" was the eighteen-month period ending on June 30, 1999.) The September 29 letter recognized that the Commission was considering an extension of the current September 30, 1999, deadline for receiving services or products subject to non-recurring charges for applicants who received late funding commitments, in order to ensure that these applicants can make effective use of approved discounts. The September 29 letter provided information regarding several categories and the number of applicants that received late commitment letters for several reasons.

This letter provides information concerning another group of applicants in an analogous situation: applicants which proposed a change in service providers that was approved by USAC's Schools and Libraries Division ("SLD") under FCC guidelines either late in Program Year 1 or after Year 1 had

¹ Pursuant to the Commission's Part 54 rules (47 U.S.C. Part 54), USAC administers the universal service support mechanisms for high-cost areas, low-income consumers, rural health care providers, schools and libraries, and the billing, collecting, and disbursing of all universal service funds. USAC is governed by a board of directors which includes a broad representation of both industry and non-industry interests. USAC files these comments only as they relate to administrative matters of the universal service support mechanisms.

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ended. Many of these applicants, too, will only be able to use effectively the discounts for which they were approved if the September 30 deadline is extended, and thus USAC suggests that the Commission consider extending the deadline for applicants in this situation as well.

In its Eleventh Order on Reconsideration in CC Docket No. 96-45 and Further Notice of Proposed Rulemaking (released May 28, 1999), the Commission tentatively concluded that an applicant seeking Program support would be required to complete the installation of internal connections that received support pursuant to an appeal within six months from the date that the final decision on appeal is issued. The Commission sought comment on that tentative conclusion. USAC submitted comments on June 30, 1999, in response to the Commission's Eleventh Order on Reconsideration in CC Docket No. 96-45 and Further Notice of Proposed Rulemaking on June 30, 1999. The Commission determined that services or products subject to non-recurring charges must be received by September 30, 1999, to be eligible for discount or reimbursement from Year 1 funds.

As indicated above, USAC submitted its September 29, 1999 letter in order to provide the Commission with additional information that was not available at the time of our original filing concerning funding commitments made late in Year 1 of the Program. USAC now reports on another category of applicants which may be adversely affected by the September 30, 1999 deadline. Some Year 1 applicants which had received Program support sought to change the service provider that the applicant had originally indicated on its FCC Form 471 would be providing the services in question. Because SLD approved their applications based on the service provider listed on their original FCC Form 471, discounts or reimbursements may be paid only through the designated service providers. Under certain limited circumstances, however, SLD procedures allow applicants to change service providers. The applicants addressed here submitted service provider changes that were approved by SLD late in Program Year 1. This has resulted in many applicants with approved service provider changes being unable to receive discounted products and services before September 30, 1999. Since April 4, 1999, SLD has approved service provider changes for 2,241 separate funding requests, with a post-discount value of \$63.6 million. In order to maximize the successful implementation of approved projects under the Program, USAC believes that the Commission should consider an extension of the September 30, 1999, deadline for applicants which obtained a valid service provider change after July 1, 1999.

We appreciate the Commission's continued attention to the Universal Service Support Mechanisms, and will be glad to provide any additional information concerning this matter at your request.

Ms. Magalie Roman Salas

November 4, 1999

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Sincerely,

A handwritten signature in black ink, appearing to read "D. Scott Barash". The signature is stylized with a large, sweeping "D" and a long, horizontal stroke at the end.

D. Scott Barash

Vice President and General Counsel

cc: Irene Flannery
Lisa Zaina
Dorothy Attwood
Linda Kinney
Kyle Dixon
Rebecca Beynon
Sarah Whitesell